

WEST VIRGINIA LEGISLATURE

2020 REGULAR SESSION

Introduced

House Bill 4751

FISCAL
NOTE

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MAYNARD, HARDY, BYRD, BATES AND STAGGERS

[Introduced February 07, 2020; Referred to the
Committee on Industry and Labor then Finance]

1 A BILL to amend the Code of West Virginia, 1931, as amended, by adding thereto a new article,
2 designated §11-13FF-1, relating to providing a tax credit for dues paid to trade
3 associations.

Be it enacted by the Legislature of West Virginia:

ARTICLE 13FF. TRADE ASSOCIATION DUES TAX CREDITS.

§11-13FF-1. Tax credits for dues paid to trade associations.

1 (a) Credit allowed. – For those tax years beginning on or after January 1, 2021, there is
2 allowed a credit for any taxpayer against certain taxes imposed by this state as described in
3 subsection (d) of this section for dues paid to trade associations by the taxpayer in the tax year.

4 (b) Amount of credit. – The tax credit equals dues paid to trade associations by the
5 taxpayer in the tax year, not to exceed \$10,000 in the aggregate for all dues pay in the tax year.

6 (c) Trade association. – For purposes of this section, a trade association is an association
7 of persons having some common business interest, the purpose of which is to promote such
8 common interest and not to engage in a regular business of a kind ordinarily carried on for profit.

9 (d) Application of annual credit allowance. – The amount of credit as determined under
10 subsection (b) of this section is allowed as a credit against the taxpayer's state tax liability applied
11 as provided in subdivisions (1) through (2), inclusive, of this subsection, and in that order.

12 (1) Corporation net income taxes. – The credit must first be applied to reduce the taxes
13 imposed by article §11-24-1 *et seq.* of this code for the taxable year.

14 (2) Personal income taxes. – After application of subdivision (1) of this subsection, any
15 unused credit is next applied as follows:

16 (A) If the person making the qualified investment is an electing small business corporation
17 (as defined in Section 1361 of the United States Internal Revenue Code of 1986, as amended),
18 a partnership, a limited liability company that is treated as a partnership for federal income tax
19 purposes, or a sole proprietorship, then any unused credit (after application of subdivision (1) of
20 this subsection) is allowed as a credit against the taxes imposed by §11-21-1 *et seq.* of this code

21 on the income from business or other activity on income of a sole proprietor attributable to the
22 business.

23 (B) Electing small business corporations, limited liability companies, partnerships and
24 other unincorporated organizations shall allocate the credit allowed by this article among its
25 members in the same manner as profits and losses are allocated for the taxable year.

26 (3) A credit is not allowed under this section against any employer withholding taxes
27 imposed by §11-21-1 et seq. of this code.

28 (e) Unused credit. – If any credit remains after application of subsection (d) of this section,
29 that amount is forfeited. A carryback to a prior taxable year is not allowed for the amount of any
30 unused portion of any annual credit allowance.

NOTE: The purpose of this bill is to provide a tax credit for dues paid to trade associations.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.